

COMMITTEE ON LEGISLATIVE RESEARCH  
OVERSIGHT DIVISION

**FISCAL NOTE**

LR No.: 3572-01  
Bill No.: SB 981  
Subject: Taxation - Cities, Towns and Villages; Transient Guest Tax  
Type: Original  
Date: February 2, 2004

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**FISCAL SUMMARY**

<b>ESTIMATED NET EFFECT ON GENERAL REVENUE FUND</b>			
<b>FUND AFFECTED</b>	<b>FY 2005</b>	<b>FY 2006</b>	<b>FY 2007</b>
<b>Total Estimated Net Effect on General Revenue Fund</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

<b>ESTIMATED NET EFFECT ON OTHER STATE FUNDS</b>			
<b>FUND AFFECTED</b>	<b>FY 2005</b>	<b>FY 2006</b>	<b>FY 2007</b>
<b>Total Estimated Net Effect on Other State Funds</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

Numbers within parentheses: ( ) indicate costs or losses.  
This fiscal note contains 4 pages.

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2005	FY 2006	FY 2007
<b>Total Estimated Net Effect on <u>All</u> Federal Funds</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2005	FY 2006	FY 2007
<b>Local Government*</b>	<b>(UNKNOWN)</b>	<b>(UNKNOWN)</b>	<b>(UNKNOWN)</b>

**\*Only cities/counties that have passed a local transient guest tax would see a loss from this proposal.**

## FISCAL ANALYSIS

### ASSUMPTION

Officials of the **Department of Revenue (DOR)** assume this legislation exempts any organization or their representatives who are exempt from sales/use tax, from paying a tourism tax when staying at a hotel/motel that is required to collect the tax. DOR assumes no fiscal impact from this proposal.

Officials of the **Department of Economic Development- Division of Tourism (DED)** assume this proposal would extend the charitable sales tax exemption to certain transient guest taxes. DED assumes no fiscal impact.

**Oversight** assumes only cities/counties that have imposed the transient guest tax would realize an unknown loss from this tax exemption. The fiscal impact will be shown as a negative unknown to certain cities/counties.

<u>FISCAL IMPACT - State Government</u>	FY 2005 (10 Mo.)	FY 2006	FY 2007
	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
<u>FISCAL IMPACT - Local Government</u>	FY 2005 (10 Mo.)	FY 2006	FY 2007

### **CITIES/COUNTIES**

#### Loss - Certain Cities & Counties\*

Exemption from Transient Guest Tax	<u>(Unknown)</u>	<u>(Unknown)</u>	<u>(Unknown)</u>
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#### **TOTAL ESTIMATED NET EFFECT ON LOCAL GOVERNMENT**

(UNKNOWN)   (UNKNOWN)   (UNKNOWN)

**\*Only cities/counties that have passed a local transient guest tax would see a loss from this proposal.**

#### FISCAL IMPACT - Small Business

Small businesses could expect to be fiscally impacted to the extent that they may save on hotel/motel rooms.

#### DESCRIPTION

This proposal exempts hotel/motel sleeping rooms paid for by tax exempt entities from certain local transient guest taxes.

This legislation is not federally mandated, would not duplicate any other program and would not require additional capital improvements or rental space.

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SOURCES OF INFORMATION

Department of Revenue  
Department of Economic Development  
Division of Tourism

A handwritten signature in black ink that reads "Mickey Wilson". The signature is written in a cursive, flowing style.

Mickey Wilson, CPA  
Director  
February 2, 2004